

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 NSCE-00 SSO-00 /026 W

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O P 191025Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2123

INFO AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY MOSCOW PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY BRASILIA

USMISSION IAEA VIENNA PRIORITY

S E C R E T SECTION 01 OF 02 LONDON 09376

EXDIS

E.O. 11652: XGDS-1

TAGS: PARM, TECH, MNUC

SUBJECT: NUCLEAR EXPORT POLICY: BILATERALS WITH FRG

1. U.S./FRG (VEST/BALKEN) BILATERALS ON NUCLEAR EXPORT POLICY ON JUNE 17 FOCUSED ON GERMAN QUESTIONS ABOUT U.S. DISCUSSION PAPER, ON WHICH THEY HAD NOT REACHED CONCLUSIONS. THEY PROVIDED NO NEW INFORMATION ON BRAZILIAN DEAL.

2. VEST INTRODUCED PAPER AS INTENDED TO BE SPRINGBOARD FOR DISCUSSION; NOTED REACTION OF UK, SOVIETS AND CANADIANS THAT THEY WOULD HAVE PREFERRED IT TO REQUIRE SAFEGUARDS ON ALL PEACEFUL NUCLEAR ACTIVITIES OF RECIPIENT; DESCRIBED FRENCH DESIRE TO COME OUT OF THIS WEEK'S MEETINGS WITH SIMPLER TEXT, INCLUDING BRACKETED ALTERNATIVES, FOR CONSIDERATION BY GOVERNMENTS; SAID WE WERE PREPARING AS POSSIBLE AID TO WEDNESDAY DISCUSSIONS ABSTRACT OF DISCUSSION PAPER WHICH WOULD HIGHLIGHT UNDERLYING PRINCIPLES AND CONCEPTS; NOTED FRENCH SUGGESTION THAT FORMAL MEETING BE HELD IN SEPTEMBER, BUT EXPRESSED  
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PREFERENCE FOR JULY IF POSSIBLE AND VIEW THAT EXPANSION

OF GROUP SHOULD AWAIT COMPLETION OF THIS FIRST STAGE; AND SPOKE OF NECESSITY TO ADDRESS NEXT DAY GUIDELINES FOR HOW THE PARTICIPANTS WOULD PLAN TO RESPOND TO PRESS AND OTHER INQUIRIES.

3. FRG DEL NOTED DETAILED AND SOMEWHAT LEGALISTIC NATURE OF DISCUSSION PAPER AND SAID THEY HAD A NUMBER OF QUESTIONS, BUT WERE PREPARED TO USE PAPER AS BASIS FOR DISCUSSION. THEY STRESSED DESIRABILITY OF MINIMIZING IMPRESSION THAT SMALL GROUP OF RICH COUNTRIES WAS TRYING TO DICTATE TO THE REST OF THE WORLD, OR THE IMAGE OF A CARTEL, AND THUS OF AVOIDING FORM OF DOCUMENT THAT WOULD IMMEDIATELY CREATE SUCH A MISLEADING IMPRESSION.

AGREED WE WOULD ALL HAVE TO LIVE WITH THE UNAVOIDABLE PUBLICITY AND THAT THE PARTICIPANTS SHOULD HARMONIZE THEIR RESPONSES TO PRESS.

4. GERMANS ASKED IF "TRIGGER LIST" REFERRED TO ON FIRST PAGE WAS THE SAME AS THE ZANGGER COMMITTEE LIST. U.S. DEL EXPLAINED THAT IT ESSENTIALLY WAS, WITH CHANGES OF FORMAT TO REMOVE CONNECTION WITH NPT AND SOME FEW ADDITIONS (SUCH AS HEAVY WATER PLANTS, WHICH GERMANS CONSIDERED A LOGICAL ADDITION) AND UPDATING, AND POSSIBLE REFLECTION OF CONSENSUS ON HANDLING TECHNOLOGY TRANSFERS.

5. IN RESPONSE TO QUESTION ABOUT MEANING OF UNPUBLISHED TECHNOLOGY, U.S. DEL ASSURED THEM THAT THIS WAS BASICALLY PROPRIETARY DATA.

6. GERMANS QUESTIONED EXCEPTION PERMITTING BILATERAL SAFEGUARDS, NOTING THAT THIS WAS NOT AVAILABLE TO NPT PARTIES AND WOULD REQUIRE BUILDING A DOMESTIC SAFEGUARDS MECHANISM WHICH THEY WERE NOT IN A POSITION TO DO. U.S. DEL INDICATED THAT EXCEPTION CLAUSE RESPONDED TO FRENCH SUGGESTION AND WAS INTENDED TO COVER RARE, DE MINIMIS CASES.

7. GERMANS EXPRESSED GENERAL AGREEMENT WITH PARAGRAPH ON SECRET

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PHYSICAL SECURITY, THAT COUNTRIES WOULD BE FREE TO GO BEYOND THE MINIMUM STANDARDS, AND THE MEANS OF MEETING THESE STANDARDS WOULD BE A NATIONAL RESPONSIBILITY.

8. PRINCIPAL PROBLEMS RAISED BY GERMAN DEL WERE WITH REQUIREMENT OF MULTINATIONAL PLANTS, INCLUDING (I) HOW, GIVEN THE STRUCTURE OF THEIR ECONOMY, GOVERNMENT CONTROL WOULD BE FEASIBLE; (II) THE SENSITIVITY OF RECIPIENT TO

INTERFERENCE WITH THEIR NATIONAL SOVEREIGNTY; AND (III)  
QUESTIONS AS TO THE EFFECTIVENESS OF THE CONTROL ACHIEVED  
XGDS-1

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S E C R E T SECTION 02 OF 02 LONDON 09376

EXDIS

BY THE MULTINATIONAL STRUCTURE. U.S. DEL (KRATZER)  
EXPLAINED THAT THE CENTRAL MINIMUM REQUIREMENT WE NOW  
ENVISAGED WAS A SUFFICIENT SUPPLIER ROLE IN THE MANAQUE-  
MENT AND OPERATION OF THE PLANT TO KNOW WHAT WAS  
HAPPENING. HE NOTED THE INHERENT DIFFICULTIES OF SAFE-  
GUARDING REPROCESSING PLANTS EFFECTIVELY, AS WELL AS THE  
FACT THAT IAEA DOES NOT ALWAYS EXERCISE ITS FULL AUTHOR-  
ITY TO SAFEGUARD, AND THE POSSIBILITY OF SAFEGUARDS  
BEING TERMINATED. THE GERMANS ASKED WHETHER LATTER  
PROBLEM COULD NOT BE MET IN PART BY REQUIRING SAFEGUARDS  
TO SURVIVE TERMINATION OF THE AGREEMENT. U.S. DEL  
EXPLAINED THAT SUPPLIER ROLE IN MANAGEMENT AND OPERATION  
PREFERABLE. GERMANS ASKED WHETHER IT WAS FEASIBLE TO  
PLAY SUCH A ROLE, AND U.S. DEL ELABORATED ON DEPENDENCE  
OF RECIPIENT ON SUPPLIER'S ASSISTANCE IN OPERATING THE  
PLANT. GERMANS INOICATED THAT THIS MIGHT WELL BE SO FOR  
INITIAL PERIOD OF 10 - 15 YEARS, BUT EVENTUALLY

RECIPIENT MIGHT BECOME INDEPENDENT OF SUCH HELP. THEY  
ALSO NOTED RISK THAT PLANT COULD BE NATIONALIZED.

9. GERMANS ASKED A NUMBER OF QUESTIONS ABOUT NATURE OF  
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SUPPLIER CONTROL, INCLUDING WHETHER WE ENVISAGED A  
PRIVATE COMPANY EMPLOYEE OR A GOVERNMENT OFFICIAL IN THE  
PLANT MANAGEMENT; THE MECHANISM AND DEGREE OF GOVERNMENT  
CONTROL OVER HIM, IF A PRIVATE INDIVIDUAL (E.G., COULD  
HE BE RECALLED BY THE GOVERNMENT); WHETHER THE SUPPLIER  
REPRESENTATIVE WOULD HAVE A VETO OVER DECISIONS; AND  
WHETHER MAJORITY STOCK OWNERSHIP BY THE SUPPLIER WOULD BE  
NEEDED. U.S. DEL EXPLAINED REGULATIONS GOVERNING USG  
RELATIONSHIP WITH NUCLEAR INDUSTRY AND INDICATED RANGE OF  
POSSIBILITIES ON FIRST TWO QUESTIONS) AND GAVE NEGATIVE  
ANSWERS TO THE LAST TWO. THEY EMPHASIZED, HOWEVER, THAT  
PROPOSALS REGARDING SUCH SENSITIVE TECHNOLOGY REDUCED BUT  
BY NO MEANS ELIMINATED RISKS, AS DEMONSTRATED BY PITFALLS  
ENUMERATED BY FRG, AND THEREFORE THAT AS NATIONAL POLICY  
U.S. UNDERTOOK NO SUCH TRANSFERS. EARLIER U.S. DEL MADE  
POINT THAT IN ANY EVENT U.S. CONTINUES TO ADVOCATE  
MAXIMUM RESTRAINT IN TRANSFER OF SUCH TECHNOLOGY, BUT IF  
TECHNOLOGY IS TRANSFERRED IT SHOULD BE UNDER STRINGENT  
CONTROLS.

10. AT DINNER, FOLLOWING MEETING, VEST MADE POINT THAT  
THE MORE CONTROLS THE FRG COULD INJECT INTO THE BRAZIL  
SIDE, THE MORE IT WOULD HELP IN DEALING WITH CRITICISMS  
ELSEWHERE. BALKEN REPLIED THIS WAS BONN'S OBJECTIVE AND  
IT WISHED TO KEEP US AS INTIMATELY INFORMED AS POSSIBLE.  
COMMENT. KRATZER WAS TOLD RECENTLY IN BONN THAT WE WOULD  
BE PROVIDED MORE FACTS ON NATURE OF FACILITIES INVOLVED  
AND THAT U.S. WOULD BE PLEASANTLY SURPRISED BY DETAILS OF  
ARRANGEMENT WHEN THESE BECOME KNOWN TO US.

RICHARDSON

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## Message Attributes

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